



Comcast Corporation
300 New Jersey Avenue, NW
Suite 700
Washington, DC 20001
202.379.7121

May 7, 2014

VIA ELECTRONIC FILING

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

**Re: *In the Matter of Applications of Comcast Corp. and Time Warner Cable Inc.
for Consent to Transfer Control of Licenses and Authorizations,
MB Docket No. 14-57***

Dear Ms. Dortch:

On May 5, 2014, the following individuals and I met with the Commission staff named in the attached “List of Commission Attendees” to discuss Comcast Corporation’s (“Comcast”) divestiture agreement (“Agreement”) with Charter Communications (“Charter”):

- Lynn Charytan of Comcast and Frank Buono, Mike Jones, and Mia Hayes of Willkie Farr & Gallagher LLP, counsel to Comcast;
- Steven Teplitz of Time Warner Cable Inc. (“TWC”) and Matt Brill of Latham & Watkins LLP, counsel to TWC; and
- Catherine Bohigian and Alex Hoehn-Saric of Charter, and Sam Feder and John Flynn of Jenner & Block, counsel to Charter.

We emphasized that when the Comcast-TWC transaction in the above-captioned proceeding was announced, Comcast said it was prepared to reduce the combined company’s subscribers by about 3 million so that Comcast’s managed residential subscribers would be under 30 percent of the total MVPD market.¹ With this Agreement with Charter, Comcast has now announced transactions that do precisely what it said it would do – and more. These transactions will reduce the combined company’s

¹ See, e.g., Application and Public Interest Statement of Comcast Corporation and Time Warner Cable Inc., MB Docket No. 14-57, at 6-7, 143 (Apr. 8, 2014).

managed residential subscribers by nearly 4 million – bringing its share of nationwide MVPD residential subscribers below 30 percent.

We explained that the Agreement will be executed through an integrated series of transactions that will take place following the closing of Comcast’s proposed merger with TWC. Specifically, as part of the presentation and in response to questions from Commission staff, we detailed the key components and structure of these transactions:

1. Sale: Comcast will divest systems serving approximately 1.4 million former TWC subscribers directly to Charter for approximately \$7.3 billion in cash.
2. Transfer of Assets: Comcast and Charter will transfer systems serving approximately 1.6 million former TWC subscribers and 1.6 million Charter subscribers.
3. Spin-Off: Comcast will form and spin off to its shareholders a new, independent publicly traded cable company (“SpinCo”) that will operate systems – located primarily in Indiana, Michigan, Minnesota, Alabama, and Tennessee – serving approximately 2.5 million legacy Comcast subscribers. Charter will have an approximate 33 percent interest in SpinCo, and the shareholders of Comcast (including former shareholders of TWC) will have an approximate 67 percent interest. Comcast will enter into a customary agreement to provide transition services to SpinCo. However, Comcast will have no ownership interest in, or management or control of the company, and, under the terms of the Agreement, is prohibited from acquiring more than a one percent interest in SpinCo for eight years. SpinCo will have a services agreement with Charter that will enable it to take advantage of Charter’s scale and ensure that SpinCo will be well-positioned to provide excellent products and services to its customers.

We also provided attendees with the list of Designated Market Areas (“DMAs”) involved in the transactions and a copy of the press release announcing the Agreement between Comcast and Charter – both of which were previously filed with the Commission in the above-captioned proceeding.²

We underscored that the transactions will yield procompetitive benefits, including: 1) rationalizing both Comcast’s and Charter’s geographic footprints, resulting in more efficient cable regions that will bring greater efficiencies and benefits to consumers and business customers; and 2) creating a new public company that is well-positioned with a Charter services agreement to deliver excellent service to customers.

We explained that Charter will provide a range of services and support to SpinCo, including procurement, programming management services, Internet connectivity, product development and strategy, operational support, customer service and billing, residential and commercial sales, and others; however, Charter will not have control of SpinCo. We noted that the initial term of the services

² See Letter from Kathryn A. Zachem, Comcast, to Marlene H. Dortch, FCC, MB Docket No. 14-57, Attachments 1 & 2 (Apr. 30, 2014).

agreement will be three years, with automatic renewal for one-year terms unless terminated by either party.

We also described the expected applications and public interest filings related to the divestiture transactions, which are contingent on the closing of the Comcast-TWC merger, and noted that these applications and filings will be submitted expeditiously to the Commission.³ We emphasized that the pending Comcast-TWC applications will remain on file, and requested that the Commission consider and process the divestiture-related applications contemporaneously with the Comcast-TWC transaction applications in a single pleading cycle.

It is the parties' intent to close the divestiture transactions as quickly as possible following regulatory approvals and the closing of the Comcast-TWC merger; however, we noted that, as with all transactions, the Agreement does contain specific provisions that afford the parties time, as necessary, to close the divestiture transactions. To account for the interim period of time when Comcast will hold managed residential subscribers in excess of 30 percent, Comcast will ask the Commission to allow for a reasonable period of time to divest consistent with Commission precedent.

Please direct any questions regarding this matter to the undersigned.

Respectfully Submitted,

/s/ Kathryn A. Zachem

Senior Vice President,
Regulatory and State Legislative Affairs
Comcast Corporation

cc: Commission Attendees
Catherine Bohigian
Steven Teplitz

³

We explained that the divestiture transactions will require Hart-Scott-Rodino filings and applications to be made with relevant local franchise authorities and state public utility commissions.

List of Commission Attendees

Jim Bird
Ty Bream
Tim Brennan
Hillary Burchuk
Emily Burke
Jessica Campbell
Adam Copeland
Hillary DeNigro
Bill Dever
Lisa Gelb
Marcia Glauberman
David Krech
Bill Lake
Jodie May
Betsy McIntyre
Wayne McKee
Ginny Metallo
Alison Neplokh
Jeffrey Neumann
Joel Rabinowitz
Eric Ralph
Jake Riehm
Bill Rogerson
Jonathan Sallet
Dana Scherer
Christopher Sova
Phil Verveer
Sarah Whitesell
Andrew Wise